

February 15, 2012  
Regular Session

The Bellevue City Council met in regular session on February 15, 2012 at 6:30 p.m. in the Council Chambers with Mayor Christopher J. Roling presiding. The Pledge of Allegiance was recited by all present. The roll call was as follows:

**PRESENT:** Councilmembers Darla Lawson, Dan Blitgen, Allen Ernst, Gary Feuerbach and Tim Roth. Also present were Administrator Loras Herrig, Officer Corey Kettmann, Jo Fifield, Jim Budde, Sara Millhouse, Mary Nevans-Pederson, Gary Ploeger, Dan Schroeder and Tony Schroeder

**ABSENT:** None

### **APPROVAL OF AGENDA**

Mayor Roling reviewed the agenda and declared it approved with no additions or corrections.

### **TELECOMMUNICATIONS LOAN PUBLIC HEARING**

Mayor Roling announced the time had arrived for the Public Hearing on the proposed action to enter a loan agreement for the Telecommunications System. As there was no one present wishing to be heard, Blitgen moved with a second by Feuerbach to close the Public Hearing. Motion carried unanimously.

### **PUBLIC HEARING ON PROPOSED ZONING CHANGE**

Mayor Murray announced the time had arrived for the Public Hearing on the re-zoning application for property located along North Riverview, addresses ranging from 904 North Riverview to 1104 North Riverview, from I-1 Light Industrial to C2 Highway Commercial. As there was no one present wishing to be heard, Feuerbach moved with a second by Roth to close the Public Hearing. Motion carried unanimously.

### **CONSENT AGENDA**

Ernst moved with a second by Lawson to approve the Consent Agenda. Motion carried unanimously.

- A. Approve minutes of February 1, 2012 Regular Session and Special Session of February 8, 2012
- B. Approve January Financial Reports
- C. Approve Bills and Claims as Authorized

### **STOP SIGN REQUEST**

Gary Ploeger would like a stop sign installed in the Vine and Third Street area by his business to slow traffic for safety reasons.

Roth moved with a second by Feuerbach to install a stop sign at the alley on Rose Street between Second and Third Street. Motion carried unanimously.

#### **ALLEY VACATION/IMPROVEMENT**

Jim Budde submitted the Land Evaluation prepared by Steve Nemmers of Nemmers Realty for the piece of property at the end of a vacated alley with City easements on both sides. The estimated value is \$200-\$300. The Council reviewed their position on generally not selling City real estate but in this case Mr. Budde already owns what surrounds this parcel on three sides and is providing utility easements across the property.

Roth moved with a second by Feuerbach to sell the vacated end of alley to Jim Budde for \$300.00. Budde will incur all legal costs of the transaction. Motion carried unanimously.

Jim Budde would also like to open and improve the platted alley south from Elm Street that leads to his property. The Council discussed having the City Engineer and Street Superintendent Chuck Kueter review the situation.

Roth moved with a second by Feuerbach to approve Jim Budde's upgrade to the alley south from Elm Street with Budde agreeing in writing to cover all costs. Motion carried unanimously.

#### **SANITATION RATES**

The Council discussed that Sanitation rates have not been raised in four years and that revenue is not covering operational costs.

Ernst moved with a second by Blitgen to prepare the proper paperwork to increase Sanitation rates to cover the operational costs.

Ayes: Blitgen, Lawson, Ernst and Feuerbach

Nayes: Roth

#### **STORM WATER FEE**

IHW Engineers figures for the Park Street Storm Sewer Project were reviewed and ways to cover the expenditure considered. This project has to be done because of a 100 year old storm sewer collapsing. The expenditure could be paid with increased property taxes or a storm water utility fee could be created. With a storm water fee all residents with a utility bill would be sharing in the loan pay off not only property owners.

Blitgen moved with a second by Ernst to prepare the proper paperwork to create a storm water utility fee of \$5.00 per month. Motion carried unanimously.

#### **BUILDING PERMIT FEE WAIVER**

Mayor Roling attended the Housing Committee meeting where he was informed they are working on putting a package together to attract new residents. The Council will table the issue until information is presented from the committee.

**ORDINANCE NO. 377 ESTABLISHING AN INCREASE IN THE LOCAL HOTEL AND MOTEL TAX RATE, PROVIDING FOR RATE, EFFECTIVE DATE, AND DISPOSITION OF COLLECTED REVENUES AS AUTHORIZED UNDER SECTIONS 423a.4 THROUGH 423A.7 CODE OF IOWA (2011)**

Feuerbach moved with a second by Lawson to approve the second reading of Ordinance No. 377. Roll call vote carried unanimously.

**ORDINANCE NO. 378 AMENDING SECTIONS OF THE ZONING ORDINANCE OF THE BELLEVUE CODE OF ORDINANCES (2009) PERTINENT TO ACCESSORY BUILDINGS IN R-1 AND R-2 DISTRICTS**

Ernst moved with a second by Roth to approve the second reading of Ordinance No. 378. Roll call vote carried unanimously.

**ORDINANCE NO. 379 AMENDING SECTIONS OF THE ZONING ORDINANCE OF THE BELLEVUE CODE OF ORDINANCES (2009) PERTINENT TO HOME OCCUPATIONS AND TOURIST HOMES**

Blitgen moved with a second by Lawson to approve the second reading of Ordinance No. 379. Roll call vote carried unanimously.

**ORDINANCE NO. 380 AMENDING THE ZONING ORDINANCE, ARTICLE IV DISTRICT AND BOUNDARIES, SECTION 2 CHANGES IN OFFICIAL ZONING MAP OF THE BELLEVUE CODE OF ORDINANCES (2009)**

Feuerbach moved with a second by Ernst to approve the second reading of Ordinance No. 380. Roll call vote carried unanimously.

**ORDINANCE NO. 381 AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF BELLEVUE, JACKSON COUNTY, IOWA BY CHANGING THE ZONING CLASSIFICATION TO C-2 HIGHWAY COMMERCIAL FOR THE AREA OF RIVERVIEW STREET NORTH FROM HIGH STREET TO MOTTE STREET**

Ernst moved with a second by Blitgen to introduce and approve the first reading of Ordinance No. 381. Roll call vote carried unanimously.

**RESOLUTION NO. 03-12 APPROVING AND AUTHORIZING LOAN AGREEMENTS AND PROVIDING FOR THE ISSUANCE AND SECURING THE PAYMENT OF \$300,000 TELECOMMUNICATIONS REVENUE AND REFUNDING NOTES, SERIES 2012C**

Feuerbach moved with a second by Lawson to approve Resolution No. 03-12. Roll call vote carried unanimously.

RESOLUTION NO. 03-12

Resolution approving and authorizing Loan Agreements and providing for the issuance and securing the payment of \$300,000 Telecommunications Revenue and Refunding Notes, Series 2012C

WHEREAS, pursuant to notice duly published and hearing held thereon, the City of Bellevue, Iowa (the "City") has heretofore determined to contract indebtedness and enter into loan agreements in the principal amount of \$3,150,000, to provide funds to pay the cost, to that extent, of improving and upgrading the municipal telecommunications system, and of refunding the outstanding balance of the City's Telecommunications Revenue Notes dated April 1, 2010; and

WHEREAS, it is necessary at this time to authorize and approve two Loan Agreements (the "Series 2012C Loan Agreements") and to make provision for the issuance of Telecommunications Revenue and Refunding Notes, Series 2012C in the aggregate principal amount of \$300,000 (the "Series 2012C Notes") in evidence of the obligation of the City under the Loan Agreements; and

WHEREAS, concurrently with the issuance of the Series 2012C Notes, the City will issue Telecommunications Revenue and Refunding Notes, Series 2012A, in the principal amount of \$1,850,000 and Telecommunications Revenue and Refunding Notes, Series 2012B, in the principal amount of \$1,000,000, which notes will rank on a parity with the Series 2012C Notes;

NOW, THEREFORE, Be It Resolved by the City Council of the City of Bellevue, Iowa, as follows:

Section 1. The Series 2012C Loan Agreements are hereby approved with Bellevue State Bank and Fidelity Bank & Trust (the "Purchasers"), in the form that has been presented to the City Council, and the Mayor and City Clerk are hereby authorized to sign the Series 2012C Loan Agreements on behalf of the City. The Series 2012C Notes are hereby authorized to be issued to the Purchasers, in the aggregate principal amount of \$300,000 and in the denomination of \$150,000 each, as follows:

<u>Number</u>	<u>Purchaser</u>
1C	Bellevue State Bank
2C	Fidelity Bank & Trust

Section 2. The Series 2012C Notes shall be dated March 1, 2012, and shall be payable as to both principal and interest in the manner hereinafter specified.

The City Clerk is hereby designated as the Registrar and Paying Agent for the Series 2012C Notes and may be hereinafter referred to as the "Registrar" or the "Paying Agent".

Principal of the Series 2012C Notes shall bear interest at the rate of 3.75% per annum.

Both principal of and interest on the Series 2012C Notes shall be payable in equal monthly installments in the amount of \$2,330, due on the 1st day of each month, commencing

April 1, 2012, and continuing to and including March 1, 2017. All such payments shall be applied first to interest due and next to the reduction of principal.

Payment of both principal of and interest on the Series 2012C Notes shall be made to the registered owners appearing on the registration books of the City at the close of business on the fifteenth day of the month next preceding the payment date and shall be paid by check or draft mailed to the registered owners at the addresses shown on such registration books; provided, however, that the final installment of principal and interest shall be payable only upon presentation and surrender of the Series 2012C Notes to the Paying Agent.

The City reserves the right to prepay principal of the Series 2012C Notes in whole or in part at any time prior to and in any order of maturity on terms of par and accrued interest. All principal so prepaid shall cease to bear interest on the prepayment date.

The Series 2012C Notes shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor and attested with the official manual or facsimile signature of the City Clerk and shall be fully registered Series 2012C Notes without interest coupons. The issuance of the Series 2012C Notes shall be recorded in the office of the City Treasurer, and the certificate on the back of the Series 2012C Notes shall be executed with the official manual or facsimile signature of the City Treasurer. In case any officer whose signature or the facsimile of whose signature appears on the Series 2012C Notes shall cease to be such officer before the delivery of the Series 2012C Notes, such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Neither the Series 2012C Notes nor the Loan Agreements shall be general obligations of the City, nor payable in any manner by taxation, but the Series 2012C Notes, along with the City's Telecommunications Revenue and Refunding Notes, Series 2012A and Series 2012B, shall be payable both as to principal and interest solely and only from the future Net Revenues of the Municipal Telecommunications System of the City (the "Utility"), which are hereby pledged for such purpose.

The Series 2012C Notes shall be fully registered as to principal and interest in the name of the owners on the registration books of the City kept by the Registrar, and after such registration, payment of the principal and interest thereof shall be made only to the registered owner, its legal representatives or assigns. The Series 2012C Notes shall be transferable only upon the registration books of the City upon presentation to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form thereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The record and identity of any owners of the Series 2012C Notes shall be kept confidential as provided by Section 22.7 of the Code of Iowa.

Section 3. The Series 2012C Notes shall be in substantially the following form:

(Form of Note)

UNITED STATES OF AMERICA  
STATE OF IOWA COUNTY OF JACKSON  
CITY OF BELLEVUE

TELECOMMUNICATIONS REVENUE AND REFUNDING NOTE, SERIES 2012C

No. 1C

\$150,000

MATURITY DATE NOTE DATE

March 1, 2017

March 1, 2012

The City of Bellevue (the "City"), in the County of Jackson, State of Iowa, for value received, promises to pay in the manner hereinafter provided to

or registered assigns, the principal sum of ONE HUNDRED FIFTY THOUSAND DOLLARS, together with interest on the outstanding principal hereof, from the date of this Note, or from the most recent payment date on which interest has been paid, except as the provisions hereinafter set forth with respect to prepayment prior to maturity may be or become applicable hereto.

Principal of this Note shall bear interest the rate of 3.75% per annum. Both principal of and interest on this Note shall be payable in equal monthly installments in the amount of \$2,330, due on the 1st day of each month, commencing April 1, 2012, and continuing to and including March 1, 2017. All such payments shall be applied first to interest due and next to the reduction of principal.

Both principal of and interest on this Note are payable to the registered owner appearing on the registration books of the City maintained by the City Clerk (hereinafter referred to as the "Registrar" or the "Paying Agent") at the close of business on the fifteenth day of the month next preceding the payment date in lawful money of the United States of America by check or draft mailed to the registered owner at the address shown on such registration books; provided, however, that the final installment of principal and interest shall be payable only upon presentation and surrender of this Note to the Paying Agent.

The City reserves the right to prepay principal of this Note in whole or in part at any time prior to and in inverse order of maturity on terms of par and accrued interest. All principal so prepaid shall cease to bear interest on the prepayment date.

This Note is one of a series of Notes (the "Series 2012C Notes") issued by the City to evidence its obligation under certain Loan Agreements, dated the date hereof (the "Loan Agreements"), for the purpose of paying the cost, to that extent, of improving and upgrading the municipal telecommunications system and refunding the outstanding balance of the City's Telecommunication Revenue Notes dated April 1, 2010.

This Note is issued pursuant to and in strict compliance with the provisions of Chapter 384 of the Code of Iowa, 2011, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the City Council authorizing and approving the Loan Agreements and providing for the issuance and securing the payment of this Note (the “Resolution”), and reference is hereby made to the Resolution and the Loan Agreements for a more complete statement as to the source of payment of this Note and the rights of the owners of this Note.

The Series 2012C Notes are not general obligations of the City but, together with the City’s Telecommunications Revenue and Refunding Notes, Series 2012A and Series 2012B, and any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity herewith, are payable solely and only out of the future Net Revenues of the Municipal Telecommunications System of the City (the “Utility”), and the Net Revenues of the Utility have been pledged for such purpose.

The City reserves the right to issue additional obligations from time to time payable from the Net Revenues of the Utility and ranking on a parity with the Series 2012C Notes, without prior notice to the registered holder of this Note.

This Note is fully negotiable but shall be fully registered as to both principal and interest in the name of the owner on the books of the City in the office of the Registrar, after which no transfer shall be valid unless made on said books and then only upon presentation of this Note to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form hereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The City, the Registrar and the Paying Agent may deem and treat the registered owner hereof as the absolute owner for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the City, the Registrar and the Paying Agent shall not be affected by any notice to the contrary.

And It Is Hereby Certified, Recited and Declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, have happened and have been performed in due time, form and manner, as required by law, and that the issuance of this Note does not exceed or violate any constitutional or statutory limitation or provision.

Additional abbreviations may also be used though not in the list above.



## ASSIGNMENT

For valuable consideration, receipt of which is hereby acknowledged, the undersigned assigns this Note to

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(Please print or type name and address of Assignee)

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PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF ASSIGNEE

and does hereby irrevocably appoint \_\_\_\_\_, Attorney, to transfer this Note on the books kept for registration thereof with full power of substitution.

Dated: \_\_\_\_\_

Signature guaranteed:

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NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears on this Note in every particular, without alteration or enlargement or any change whatever.

Section 4. The Series 2012C Notes shall be executed as herein provided as soon after the adoption of this resolution as may be possible and thereupon they shall be delivered to the Registrar for registration and delivery to or upon the direction of the Purchasers, upon receipt of the loan proceeds (the "Loan Proceeds"), and all action heretofore taken in connection with the Loan Agreements is hereby ratified and confirmed in all respects.

Section 5. So long as the Series 2012C Notes or any additional obligations hereafter issued and outstanding from time to time payable from the Net Revenues of the Utility and ranking on a parity therewith (the "Parity Obligations") are outstanding, the City shall continue to maintain the Utility in good condition, and the Utility shall continue to be operated in an efficient manner and at a reasonable cost as a revenue producing undertaking. The City shall establish, impose, adjust and provide for the collection of rates to be charged to customers of the Utility to produce gross revenues at least sufficient to pay the expenses of operation and maintenance of the Utility, which shall include salaries, wages, cost of maintenance and operation, materials, supplies, insurance and all other items normally included under recognized accounting practices (but does not include allowances for depreciation in the valuation of physical property) and to leave a balance of net revenues (herein referred to as the "Net Revenues") at least sufficient to pay the principal of and interest on the Series 2012C Notes.

Section 6. From and after the issuance of the Series 2012C Notes, the Gross Revenues of the Utility shall be set aside into a separate and special fund which is hereby established, to be known and hereinafter referred to as the "Telecommunications Revenue Fund". The Telecommunications Revenue Fund shall be used in maintaining and operating the Utility, and after payment of the operating expenses shall, to the extent hereinafter provided, be used to pay the principal of and interest on the Series 2012C Notes and any Parity Obligations.

Section 7. There shall be and there is hereby created, and there shall be maintained, an account to be known as the "Telecommunications Revenue Sinking Fund" (herein referred to as the "Sinking Fund"), into which there shall be set aside from the future Net Revenues of the Utility such portion thereof as will be sufficient to pay the interest on and principal of the Series 2012C Notes as the same become due, and it is hereby determined that the minimum amount to be so set aside into the Sinking Fund from the Net Revenues during each month of each year shall be not less than a sum equal to the principal and interest installment payment amount due on the Series 2012C Notes on the next succeeding payment date; provided, however, that no further payments need to be made into the Sinking Fund when and so long as the amount therein is sufficient to retire the Series 2012C Notes and any Parity Obligations then outstanding which are payable from the Sinking Fund and to pay all interest to become due thereon prior to such retirement, or if provision for such payment has been made.

Whenever Parity Obligations are issued, provisions shall be made for additional payments to be made into the Sinking Fund for the purpose of paying the interest on and principal of such Parity Obligations.

Such payments into the Sinking Fund shall be made in equal monthly installments on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding secular day. The Sinking Fund and that portion of the Net Revenues contained therein shall be used solely and only and

are hereby pledged for the purpose of paying the interest on and the principal of the Series 2012C Notes and any Parity Obligations.

If at any time there be a failure to pay into the Sinking Fund the full amount above stipulated, then an amount equivalent to the deficiency shall be paid into the Sinking Fund from the Net Revenues of the Utility as soon as available, and the same shall be in addition to the amount otherwise required to be so set apart and paid into the Sinking Fund.

Any balance of the Net Revenues remaining after making the aforesaid payments into the Sinking Fund may be made available to the City as the Council, or such other duly constituted body as may then be charged with the operation of the Utility, may from time to time direct.

All money held in any fund or account created or to be maintained under the terms of this resolution shall be deposited in lawful depositories of the City or invested in accordance with Chapters 12B and 12C of the Code of Iowa and continuously held and secured as provided by the laws of the State of Iowa relating to the depositing, securing, holding and investing of public funds. All interest received by the City as a result of investments under this section shall be considered to constitute Gross Revenues of the Utility and shall be deposited in or transferred to the Telecommunications Revenue Fund and used solely and only for the purposes specified herein for such fund.

Section 8. The City hereby reserves the right and privilege of issuing Parity Obligations from time to time payable from the Net Revenues of the Utility and ranking on a parity with the Series 2012C Notes.

Section 9. It is the intention of the City that interest on the Series 2012C Notes be and remain excluded from gross income for federal income tax purposes pursuant to the appropriate provisions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations in effect with respect thereto (all of the foregoing herein referred to as the "Internal Revenue Code"). In furtherance thereof, the City covenants to comply with the provisions of the Internal Revenue Code as they may from time to time be in effect or amended and further covenants to comply with the applicable future laws, regulations, published rulings and court decisions as may be necessary to insure that the interest on the Series 2012C Notes will remain excluded from gross income for federal income tax purposes. Any and all of the officers of the City are hereby authorized and directed to take any and all actions as may be necessary to comply with the covenants herein contained.

The City hereby designates the Series 2012C Notes as "Qualified Tax Exempt Obligations" as that term is used in Section 265(b)(3)(B) of the Internal Revenue Code.

Section 10. If any section, paragraph, clause or provision of this resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 11. All resolutions and orders or parts thereof in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed.

Section 12. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved February 15, 2012.

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Mayor

Attest:

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City Clerk

**RESOLUTION NO. 04-12 APPROVING AND AUTHORIZING LOAN AGREEMENTS AND PROVIDING FOR THE ISSUANCE AND SECURING THE PAYMENT OF \$1,000,000 TELECOMMUNICATIONS REVENUE AND REFUNDING NOTES, SERIES 2012B**

Blitgen moved with a second by Roth to approve Resolution No. 04-12. Roll call vote carried unanimously.

**RESOLUTION NO. 04-12**

Resolution approving and authorizing Loan Agreements and providing for the issuance and securing the payment of \$1,000,000 Telecommunications Revenue and Refunding Notes, Series 2012B

WHEREAS, pursuant to notice duly published and hearing held thereon, the City of Bellevue, Iowa (the "City") has heretofore determined to contract indebtedness and enter into loan agreements in the principal amount of \$3,150,000, to provide funds to pay the cost, to that extent, of improving and upgrading the municipal telecommunications system, and of refunding the outstanding balance of the City's Telecommunications Revenue Notes dated April 1, 2010; and

WHEREAS, it is necessary at this time to authorize and approve two Loan Agreements (the "Series 2012B Loan Agreements") and to make provision for the issuance of Telecommunications Revenue and Refunding Notes, Series 2012B in the aggregate principal amount of \$1,000,000 (the "Series 2012B Notes") in evidence of the obligation of the City under the Loan Agreements; and

WHEREAS, concurrently with the issuance of the Series 2012B Notes, the City will issue Telecommunications Revenue and Refunding Notes, Series 2012A, in the principal amount of \$1,850,000 and Telecommunications Revenue and Refunding Notes, Series 2012C, in the principal amount of \$300,000, which notes will rank on a parity with the Series 2012B Notes;

NOW, THEREFORE, Be It Resolved by the City Council of the City of Bellevue, Iowa, as follows:

Section 1. The Series 2012B Loan Agreements are hereby approved with Bellevue State Bank and Fidelity Bank & Trust (the "Purchasers"), in the form that has been presented to the City Council, and the Mayor and City Clerk are hereby authorized to sign the Series 2012B Loan Agreements on behalf of the City. The Series 2012B Notes are hereby authorized to be issued to the Purchasers, in the aggregate principal amount of \$1,000,000 and in the denomination of \$500,000 each, as follows:

<u>Number</u>	<u>Purchaser</u>
1B	Bellevue State Bank
2B	Fidelity Bank & Trust

Section 2. The Series 2012B Notes shall be dated March 1, 2012, and shall be payable as to both principal and interest in the manner hereinafter specified.

The City Clerk is hereby designated as the Registrar and Paying Agent for the Series 2012B Notes and may be hereinafter referred to as the "Registrar" or the "Paying Agent".

Principal of the Series 2012B Notes shall bear interest from the date of the Series 2012B Notes until the first Interest Adjustment Date (as hereinafter defined) at the rate of 3.80% per annum. On March 1, 2017, March 1, 2022, March 1, 2027 and March 1, 2032 (the "Interest Adjustment Dates"), the interest rate on the Series 2012B Notes will be adjusted to a rate equal to 2.5% over the 5-year U.S. Treasury Constant Maturities as released by the Board of Governors of the Federal Reserve System posted on the World Wide Web at <http://www.federalreserve.gov/releases/h15/current/>, under the heading "Federal Reserve Statistical Release, H.15, Selected Interest Rates", or any successor heading, on that Interest Adjustment Date.

Both principal of and interest on the Series 2012B Notes shall be payable in equal monthly installments due on the 1st day of each month, commencing April 1, 2012, and continuing to and including March 1, 2037. From April 1, 2012 to and including March 1, 2017, the amount of the monthly installment payment shall be \$2,584.50. Thereafter, on each Interest Adjustment Date, the installment payment amount shall be adjusted based on a re-amortization of the remaining principal balance over the remainder of the initial 25-year term at the interest rate in effect on such Interest Adjustment Date. All such payments shall be applied first to interest due and next to the reduction of principal.

Payment of both principal of and interest on the Series 2012B Notes shall be made to the registered owners appearing on the registration books of the City at the close of business on the fifteenth day of the month next preceding the payment date and shall be paid by check or draft mailed to the registered owners at the addresses shown on such registration books; provided, however, that the final installment of principal and interest shall be payable only upon presentation and surrender of the Series 2012B Notes to the Paying Agent.

The City reserves the right to prepay principal of the Series 2012B Notes in whole or in part at any time prior to and in any order of maturity on terms of par and accrued interest. All principal so prepaid shall cease to bear interest on the prepayment date.

The Series 2012B Notes shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor and attested with the official manual or facsimile signature of the City Clerk and shall be fully registered Series 2012B Notes without interest coupons. The issuance of the Series 2012B Notes shall be recorded in the office of the City Treasurer, and the certificate on the back of the Series 2012B Notes shall be executed with the official manual or facsimile signature of the City Treasurer. In case any officer whose signature or the facsimile of whose signature appears on the Series 2012B Notes shall cease to be such officer before the delivery of the Series 2012B Notes, such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Neither the Series 2012B Notes nor the Loan Agreements shall be general obligations of the City, nor payable in any manner by taxation, but the Series 2012B Notes, along with the City's Telecommunications Revenue and Refunding Notes, Series 2012A and Series 2012C, shall be payable both as to principal and interest solely and only from the future Net Revenues of the Municipal Telecommunications System of the City (the "Utility"), which are hereby pledged for such purpose.

The Series 2012B Notes shall be fully registered as to principal and interest in the name of the owners on the registration books of the City kept by the Registrar, and after such registration, payment of the principal and interest thereof shall be made only to the registered owner, its legal representatives or assigns. The Series 2012B Notes shall be transferable only upon the registration books of the City upon presentation to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form thereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The record and identity of any owners of the Series 2012B Notes shall be kept confidential as provided by Section 22.7 of the Code of Iowa.

Section 3. The Series 2012B Notes shall be in substantially the following form:

(Form of Note)

UNITED STATES OF AMERICA  
STATE OF IOWA COUNTY OF JACKSON  
CITY OF BELLEVUE

TELECOMMUNICATIONS REVENUE AND REFUNDING NOTE, SERIES 2012B

No. 1B

\$500,000

MATURITY DATE NOTE DATE

March 1, 2037

March 1, 2012

The City of Bellevue (the "City"), in the County of Jackson, State of Iowa, for value received, promises to pay in the manner hereinafter provided to

or registered assigns, the principal sum of FIVE HUNDRED THOUSAND DOLLARS, together with interest on the outstanding principal hereof, from the date of this Note, or from the most recent payment date on which interest has been paid, except as the provisions hereinafter set forth with respect to prepayment prior to maturity may be or become applicable hereto.

Principal of this Note shall bear interest from the date of this Note until the first Interest Adjustment Date (as hereinafter defined) at the rate of 3.80% per annum. On March 1, 2017, March 1, 2022, March 1, 2027 and March 1, 2032 (the "Interest Adjustment Dates"), the interest rate on this Note will be adjusted to a rate equal to 2.5% over the 5-year U.S. Treasury Constant Maturities as released by the Board of Governors of the Federal Reserve System posted on the World Wide Web at <http://www.federalreserve.gov/releases/h15/current/>, under the heading "Federal Reserve Statistical Release, H.15, Selected Interest Rates", or any successor heading, on that Interest Adjustment Date.

Both principal of and interest on this Note shall be payable in equal monthly installments due on the 1st day of each month, commencing April 1, 2012, and continuing to and including March 1, 2037. From April 1, 2012 to and including March 1, 2017, the amount of the monthly installment payment shall be \$2,584.50. Thereafter, on each Interest Adjustment Date, the installment payment amount shall be adjusted based on a re-amortization of the remaining principal balance over the remainder of the initial 25-year term at the interest rate in effect on such Interest Adjustment Date. All such payments shall be applied first to interest due and next to the reduction of principal.

Both principal of and interest on this Note are payable to the registered owner appearing on the registration books of the City maintained by the City Clerk (hereinafter referred to as the "Registrar" or the "Paying Agent") at the close of business on the fifteenth day of the month next preceding the payment date in lawful money of the United States of America by check or draft mailed to the registered owner at the address shown on such registration books; provided,

however, that the final installment of principal and interest shall be payable only upon presentation and surrender of this Note to the Paying Agent.

The City reserves the right to prepay principal of this Note in whole or in part at any time prior to and in inverse order of maturity on terms of par and accrued interest. All principal so prepaid shall cease to bear interest on the prepayment date.

This Note is one of a series of Notes (the "Series 2012B Notes") issued by the City to evidence its obligation under certain Loan Agreements, dated the date hereof (the "Loan Agreements"), for the purpose of paying the cost, to that extent, of improving and upgrading the municipal telecommunications system and refunding the outstanding balance of the City's Telecommunication Revenue Notes dated April 1, 2010.

This Note is issued pursuant to and in strict compliance with the provisions of Chapter 384 of the Code of Iowa, 2011, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the City Council authorizing and approving the Loan Agreements and providing for the issuance and securing the payment of this Note (the "Resolution"), and reference is hereby made to the Resolution and the Loan Agreements for a more complete statement as to the source of payment of this Note and the rights of the owners of this Note.

The Series 2012B Notes are not general obligations of the City but, together with the City's Telecommunications Revenue and Refunding Notes, Series 2012A and Series 2012C and any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity herewith, are payable solely and only out of the future Net Revenues of the Municipal Telecommunications System of the City (the "Utility"), and the Net Revenues of the Utility have been pledged for such purpose.

The City reserves the right to issue additional obligations from time to time payable from the Net Revenues of the Utility and ranking on a parity with the Series 2012B Notes, without prior notice to the registered holder of this Note.

This Note is fully negotiable but shall be fully registered as to both principal and interest in the name of the owner on the books of the City in the office of the Registrar, after which no transfer shall be valid unless made on said books and then only upon presentation of this Note to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form hereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The City, the Registrar and the Paying Agent may deem and treat the registered owner hereof as the absolute owner for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the City, the Registrar and the Paying Agent shall not be affected by any notice to the contrary.

And It Is Hereby Certified, Recited and Declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, have happened and have been performed in due time, form and manner, as required by





## ASSIGNMENT

For valuable consideration, receipt of which is hereby acknowledged, the undersigned assigns this Note to

---

(Please print or type name and address of Assignee)

---

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF ASSIGNEE

and does hereby irrevocably appoint \_\_\_\_\_, Attorney, to transfer this Note on the books kept for registration thereof with full power of substitution.

Dated: \_\_\_\_\_

Signature guaranteed:

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NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears on this Note in every particular, without alteration or enlargement or any change whatever.

Section 4. The Series 2012B Notes shall be executed as herein provided as soon after the adoption of this resolution as may be possible and thereupon they shall be delivered to the Registrar for registration and delivery to or upon the direction of the Purchasers, upon receipt of the loan proceeds (the "Loan Proceeds"), and all action heretofore taken in connection with the Loan Agreements is hereby ratified and confirmed in all respects.

Section 5. So long as the Series 2012B Notes or any additional obligations hereafter issued and outstanding from time to time payable from the Net Revenues of the Utility and ranking on a parity therewith (the "Parity Obligations") are outstanding, the City shall continue to maintain the Utility in good condition, and the Utility shall continue to be operated in an efficient manner and at a reasonable cost as a revenue producing undertaking. The City shall establish, impose, adjust and provide for the collection of rates to be charged to customers of the Utility to produce gross revenues at least sufficient to pay the expenses of operation and maintenance of the Utility, which shall include salaries, wages, cost of maintenance and operation, materials, supplies, insurance and all other items normally included under recognized accounting practices (but does not include allowances for depreciation in the valuation of physical property) and to leave a balance of net revenues (herein referred to as the "Net Revenues") at least sufficient to pay the principal of and interest on the Series 2012B Notes.

Section 6. From and after the issuance of the Series 2012B Notes, the Gross Revenues of the Utility shall be set aside into a separate and special fund which is hereby established, to be known and hereinafter referred to as the "Telecommunications Revenue Fund". The Telecommunications Revenue Fund shall be used in maintaining and operating the Utility, and after payment of the operating expenses shall, to the extent hereinafter provided, be used to pay the principal of and interest on the Series 2012B Notes and any Parity Obligations.

Section 7. There shall be and there is hereby created, and there shall be maintained, an account to be known as the "Telecommunications Revenue Sinking Fund" (herein referred to as the "Sinking Fund"), into which there shall be set aside from the future Net Revenues of the Utility such portion thereof as will be sufficient to pay the interest on and principal of the Series 2012B Notes as the same become due, and it is hereby determined that the minimum amount to be so set aside into the Sinking Fund from the Net Revenues during each month of each year shall be not less than a sum equal to the principal and interest installment payment amount due on the Series 2012B Notes on the next succeeding payment date; provided, however, that no further payments need to be made into the Sinking Fund when and so long as the amount therein is sufficient to retire the Series 2012B Notes and any Parity Obligations then outstanding which are payable from the Sinking Fund and to pay all interest to become due thereon prior to such retirement, or if provision for such payment has been made.

Whenever Parity Obligations are issued, provisions shall be made for additional payments to be made into the Sinking Fund for the purpose of paying the interest on and principal of such Parity Obligations.

Such payments into the Sinking Fund shall be made in equal monthly installments on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding secular day. The Sinking Fund and that portion of the Net Revenues contained therein shall be used solely and only and

are hereby pledged for the purpose of paying the interest on and the principal of the Series 2012B Notes and any Parity Obligations.

If at any time there be a failure to pay into the Sinking Fund the full amount above stipulated, then an amount equivalent to the deficiency shall be paid into the Sinking Fund from the Net Revenues of the Utility as soon as available, and the same shall be in addition to the amount otherwise required to be so set apart and paid into the Sinking Fund.

Any balance of the Net Revenues remaining after making the aforesaid payments into the Sinking Fund may be made available to the City as the Council, or such other duly constituted body as may then be charged with the operation of the Utility, may from time to time direct.

All money held in any fund or account created or to be maintained under the terms of this resolution shall be deposited in lawful depositories of the City or invested in accordance with Chapters 12B and 12C of the Code of Iowa and continuously held and secured as provided by the laws of the State of Iowa relating to the depositing, securing, holding and investing of public funds. All interest received by the City as a result of investments under this section shall be considered to constitute Gross Revenues of the Utility and shall be deposited in or transferred to the Telecommunications Revenue Fund and used solely and only for the purposes specified herein for such fund.

Section 8. The City hereby reserves the right and privilege of issuing Parity Obligations from time to time payable from the Net Revenues of the Utility and ranking on a parity with the Series 2012B Notes.

Section 9. It is the intention of the City that interest on the Series 2012B Notes be and remain excluded from gross income for federal income tax purposes pursuant to the appropriate provisions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations in effect with respect thereto (all of the foregoing herein referred to as the "Internal Revenue Code"). In furtherance thereof, the City covenants to comply with the provisions of the Internal Revenue Code as they may from time to time be in effect or amended and further covenants to comply with the applicable future laws, regulations, published rulings and court decisions as may be necessary to insure that the interest on the Series 2012B Notes will remain excluded from gross income for federal income tax purposes. Any and all of the officers of the City are hereby authorized and directed to take any and all actions as may be necessary to comply with the covenants herein contained.

The City hereby designates the Series 2012B Notes as "Qualified Tax Exempt Obligations" as that term is used in Section 265(b)(3)(B) of the Internal Revenue Code.

Section 10. If any section, paragraph, clause or provision of this resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 11. All resolutions and orders or parts thereof in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed.

Section 12. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved February 15, 2012.

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Mayor

Attest:

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City Clerk

**RESOLUTION NO. 05-12 APPROVING AND AUTHORIZING LOAN AGREEMENTS AND PROVIDING FOR THE ISSUANCE AND SECURING THE PAYMENT OF \$1,850,000 TELECOMMUNICATIONS REVENUE AND REFUNDING NOTES, SERIES 2012A**

Lawson moved with a second by Ernst to approve Resolution No. 05-12. Roll call vote carried unanimously.

**RESOLUTION NO. 05-12**

Resolution approving and authorizing Loan Agreements and providing for the issuance and securing the payment of \$1,850,000 Telecommunications Revenue and Refunding Notes, Series 2012A

WHEREAS, pursuant to notice duly published and hearing held thereon, the City of Bellevue, Iowa (the "City") has heretofore determined to contract indebtedness and enter into loan agreements in the principal amount of \$3,150,000, to provide funds to pay the cost, to that extent, of improving and upgrading the municipal telecommunications system, and of refunding the outstanding balance of the City's Telecommunications Revenue Notes dated April 1, 2010; and

WHEREAS, it is necessary at this time to authorize and approve two Loan Agreements (the "Series 2012A Loan Agreements") and to make provision for the issuance of Telecommunications Revenue and Refunding Notes, Series 2012A in the aggregate principal amount of \$1,850,000 (the "Series 2012A Notes") in evidence of the obligation of the City under the Loan Agreements; and

WHEREAS, concurrently with the issuance of the Series 2012A Notes, the City will issue Telecommunications Revenue and Refunding Notes, Series 2012B, in the principal amount of \$1,000,000 and Telecommunications Revenue and Refunding Notes, Series 2012C, in the principal amount of \$300,000, which notes will rank on a parity with the Series 2012A Notes;

NOW, THEREFORE, Be It Resolved by the City Council of the City of Bellevue, Iowa, as follows:

Section 1. The Series 2012A Loan Agreements are hereby approved with Bellevue State Bank and Fidelity Bank & Trust (the "Purchasers"), in the form that has been presented to the City Council, and the Mayor and City Clerk are hereby authorized to sign the Series 2012A Loan Agreements on behalf of the City. The Series 2012A Notes are hereby authorized to be issued to the Purchasers, in the aggregate principal amount of \$1,850,000 and in the denomination of \$925,000 each, as follows:

<u>Number</u>	<u>Purchaser</u>
1A	Bellevue State Bank
2A	Fidelity Bank & Trust

Section 2. The Series 2012A Notes shall be dated March 1, 2012, and shall be payable as to both principal and interest in the manner hereinafter specified.

The City Clerk is hereby designated as the Registrar and Paying Agent for the Series 2012A Notes and may be hereinafter referred to as the "Registrar" or the "Paying Agent".

Principal of the Series 2012A Notes shall bear interest from the date of the Series 2012A Notes until the first Interest Adjustment Date (as hereinafter defined) at the rate of 3.50% per annum. On March 1, 2017, March 1, 2022, March 1, 2027 and March 1, 2032 (the "Interest Adjustment Dates"), the interest rate on the Series 2012A Notes will be adjusted to a rate equal to 2.0% over the 5-year U.S. Treasury Constant Maturities as released by the Board of Governors of the Federal Reserve System posted on the World Wide Web at <http://www.federalreserve.gov/releases/h15/current/>, under the heading "Federal Reserve Statistical Release, H.15, Selected Interest Rates", or any successor heading, on that Interest Adjustment Date.

Both principal of and interest on the Series 2012A Notes shall be payable in equal monthly installments due on the 1st day of each month, commencing April 1, 2012, and continuing to and including March 1, 2037. From April 1, 2012 to and including March 1, 2017, the amount of the monthly installment payment shall be \$4,631. Thereafter, on each Interest Adjustment Date, the installment payment amount shall be adjusted based on a re-amortization of the remaining principal balance over the remainder of the initial 25-year term at the interest rate in effect on such Interest Adjustment Date. All such payments shall be applied first to interest due and next to the reduction of principal.

Payment of both principal of and interest on the Series 2012A Notes shall be made to the registered owners appearing on the registration books of the City at the close of business on the fifteenth day of the month next preceding the payment date and shall be paid by check or draft mailed to the registered owners at the addresses shown on such registration books; provided, however, that the final installment of principal and interest shall be payable only upon presentation and surrender of the Series 2012A Notes to the Paying Agent.

The City reserves the right to prepay principal of the Series 2012A Notes in whole or in part at any time prior to and in any order of maturity on terms of par and accrued interest. All principal so prepaid shall cease to bear interest on the prepayment date.

The Series 2012A Notes shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor and attested with the official manual or facsimile signature of the City Clerk and shall be fully registered Series 2012A Notes without interest coupons. The issuance of the Series 2012A Notes shall be recorded in the office of the City Treasurer, and the certificate on the back of the Series 2012A Notes shall be executed with the official manual or facsimile signature of the City Treasurer. In case any officer whose signature or the facsimile of whose signature appears on the Series 2012A Notes shall cease to be such officer before the delivery of the Series 2012A Notes, such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Neither the Series 2012A Notes nor the Loan Agreements shall be general obligations of the City, nor payable in any manner by taxation, but the Series 2012A Notes, along with the City's Telecommunications Revenue and Refunding Notes, Series 2012 B and Series 2012C, shall be payable both as to principal and interest solely and only from the future Net Revenues of the Municipal Telecommunications System of the City (the "Utility"), which are hereby pledged for such purpose.

The Series 2012A Notes shall be fully registered as to principal and interest in the name of the owners on the registration books of the City kept by the Registrar, and after such registration, payment of the principal and interest thereof shall be made only to the registered owner, its legal representatives or assigns. The Series 2012A Notes shall be transferable only upon the registration books of the City upon presentation to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form thereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The record and identity of any owners of the Series 2012A Notes shall be kept confidential as provided by Section 22.7 of the Code of Iowa.

Section 3. The Series 2012A Notes shall be in substantially the following form:

(Form of Note)

UNITED STATES OF AMERICA  
STATE OF IOWA COUNTY OF JACKSON  
CITY OF BELLEVUE

TELECOMMUNICATIONS REVENUE AND REFUNDING NOTE, SERIES 2012A

No. 1A

\$925,000

MATURITY DATE NOTE DATE

March 1, 2037

March 1, 2012

The City of Bellevue (the "City"), in the County of Jackson, State of Iowa, for value received, promises to pay in the manner hereinafter provided to

or registered assigns, the principal sum of NINE HUNDRED TWENTY-FIVE THOUSAND DOLLARS, together with interest on the outstanding principal hereof, from the date of this Note, or from the most recent payment date on which interest has been paid, except as the provisions hereinafter set forth with respect to prepayment prior to maturity may be or become applicable hereto.

Principal of this Note shall bear interest from the date of this Note until the first Interest Adjustment Date (as hereinafter defined) at the rate of 3.50% per annum. On March 1, 2017, March 1, 2022, March 1, 2027 and March 1, 2032 (the "Interest Adjustment Dates"), the interest rate on this Note will be adjusted to a rate equal to 2.0% over the 5-year U.S. Treasury Constant Maturities as released by the Board of Governors of the Federal Reserve System posted on the World Wide Web at <http://www.federalreserve.gov/releases/h15/current/>, under the heading "Federal Reserve Statistical Release, H.15, Selected Interest Rates", or any successor heading, on that Interest Adjustment Date.

Both principal of and interest on this Note shall be payable in equal monthly installments due on the 1st day of each month, commencing April 1, 2012, and continuing to and including March 1, 2037. From April 1, 2012 to and including March 1, 2017, the amount of the monthly installment payment shall be \$4,631. Thereafter, on each Interest Adjustment Date, the installment payment amount shall be adjusted based on a re-amortization of the remaining principal balance over the remainder of the initial 25-year term at the interest rate in effect on such Interest Adjustment Date. All such payments shall be applied first to interest due and next to the reduction of principal.

Both principal of and interest on this Note are payable to the registered owner appearing on the registration books of the City maintained by the City Clerk (hereinafter referred to as the "Registrar" or the "Paying Agent") at the close of business on the fifteenth day of the month next preceding the payment date in lawful money of the United States of America by check or draft



mailed to the registered owner at the address shown on such registration books; provided, however, that the final installment of principal and interest shall be payable only upon presentation and surrender of this Note to the Paying Agent.

The City reserves the right to prepay principal of this Note in whole or in part at any time prior to and in inverse order of maturity on terms of par and accrued interest. All principal so prepaid shall cease to bear interest on the prepayment date.

This Note is one of a series of Notes (the "Series 2012A Notes") issued by the City to evidence its obligation under certain Loan Agreements, dated the date hereof (the "Loan Agreements"), for the purpose of paying the cost, to that extent, of improving and upgrading the municipal telecommunications system and refunding the outstanding balance of the City's Telecommunication Revenue Notes dated April 1, 2010.

This Note is issued pursuant to and in strict compliance with the provisions of Chapter 384 of the Code of Iowa, 2011, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the City Council authorizing and approving the Loan Agreements and providing for the issuance and securing the payment of this Note (the "Resolution"), and reference is hereby made to the Resolution and the Loan Agreements for a more complete statement as to the source of payment of this Note and the rights of the owners of this Note.

The Series 2012A Notes are not general obligations of the City but, together with the City's Telecommunications Revenue and Refunding Notes, Series 2012B and Series 2012C and any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity herewith, are payable solely and only out of the future Net Revenues of the Municipal Telecommunications System of the City (the "Utility"), and the Net Revenues of the Utility have been pledged for such purpose.

The City reserves the right to issue additional obligations from time to time payable from the Net Revenues of the Utility and ranking on a parity with the Series 2012A Notes, without prior notice to the registered holder of this Note.

This Note is fully negotiable but shall be fully registered as to both principal and interest in the name of the owner on the books of the City in the office of the Registrar, after which no transfer shall be valid unless made on said books and then only upon presentation of this Note to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form hereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The City, the Registrar and the Paying Agent may deem and treat the registered owner hereof as the absolute owner for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the City, the Registrar and the Paying Agent shall not be affected by any notice to the contrary.

And It Is Hereby Certified, Recited and Declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, have happened and have been performed in due time, form and manner, as required by

law, and that the issuance of this Note does not exceed or violate any constitutional or statutory limitation or provision.

IN TESTIMONY WHEREOF, the City of Bellevue, Iowa, by its City Council, has caused this Note to be executed by its Mayor and attested by its City Clerk, all on (Closing Date).

CITY OF BELLEVUE, IOWA

By (DO NOT SIGN)  
Mayor

Attest:

(DO NOT SIGN)  
City Clerk

STATE OF IOWA  
COUNTY OF JACKSON      SS: CITY TREASURER'S CERTIFICATE  
CITY OF BELLEVUE

The original issuance of this Note was duly and properly recorded in my office on (Closing Date).

(DO NOT SIGN)  
City Treasurer

#### ABBREVIATIONS

The following abbreviations, when used in this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common	UTMA <u></u>
TEN ENT	-	as tenants by the entireties	As Custodian for <u></u>
TEN	-	as joint tenants with	(Minor)
		right of survivorship and	under Uniform Transfers to Minors Act
		not as tenants in common	<u></u>
			(State)

Additional abbreviations may also be used though not in the list above.

## ASSIGNMENT

For valuable consideration, receipt of which is hereby acknowledged, the undersigned assigns this Note to

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(Please print or type name and address of Assignee)

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PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF ASSIGNEE

and does hereby irrevocably appoint \_\_\_\_\_, Attorney, to transfer this Note on the books kept for registration thereof with full power of substitution.

Dated: \_\_\_\_\_

Signature guaranteed:

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NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears on this Note in every particular, without alteration or enlargement or any change whatever.

Section 4. The Series 2012A Notes shall be executed as herein provided as soon after the adoption of this resolution as may be possible and thereupon they shall be delivered to the Registrar for registration and delivery to or upon the direction of the Purchasers, upon receipt of the loan proceeds (the "Loan Proceeds"), and all action heretofore taken in connection with the Loan Agreements is hereby ratified and confirmed in all respects.

Section 5. So long as the Series 2012A Notes or any additional obligations hereafter issued and outstanding from time to time payable from the Net Revenues of the Utility and ranking on a parity therewith (the "Parity Obligations") are outstanding, the City shall continue to maintain the Utility in good condition, and the Utility shall continue to be operated in an efficient manner and at a reasonable cost as a revenue producing undertaking. The City shall establish, impose, adjust and provide for the collection of rates to be charged to customers of the Utility to produce gross revenues at least sufficient to pay the expenses of operation and maintenance of the Utility, which shall include salaries, wages, cost of maintenance and operation, materials, supplies, insurance and all other items normally included under recognized accounting practices (but does not include allowances for depreciation in the valuation of

physical property) and to leave a balance of net revenues (herein referred to as the “Net Revenues”) at least sufficient to pay the principal of and interest on the Series 2012A Notes.

Section 6. From and after the issuance of the Series 2012A Notes, the Gross Revenues of the Utility shall be set aside into a separate and special fund which is hereby established, to be known and hereinafter referred to as the “Telecommunications Revenue Fund”. The Telecommunications Revenue Fund shall be used in maintaining and operating the Utility, and after payment of the operating expenses shall, to the extent hereinafter provided, be used to pay the principal of and interest on the Series 2012A Notes and any Parity Obligations.

Section 7. There shall be and there is hereby created, and there shall be maintained, an account to be known as the “Telecommunications Revenue Sinking Fund” (herein referred to as the “Sinking Fund”), into which there shall be set aside from the future Net Revenues of the Utility such portion thereof as will be sufficient to pay the interest on and principal of the Series 2012A Notes as the same become due, and it is hereby determined that the minimum amount to be so set aside into the Sinking Fund from the Net Revenues during each month of each year shall be not less than a sum equal to the principal and interest installment payment amount due on the Series 2012A Notes on the next succeeding payment date; provided, however, that no further payments need to be made into the Sinking Fund when and so long as the amount therein is sufficient to retire the Series 2012A Notes and any Parity Obligations then outstanding which are payable from the Sinking Fund and to pay all interest to become due thereon prior to such retirement, or if provision for such payment has been made.

Whenever Parity Obligations are issued, provisions shall be made for additional payments to be made into the Sinking Fund for the purpose of paying the interest on and principal of such Parity Obligations.

Such payments into the Sinking Fund shall be made in equal monthly installments on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding secular day. The Sinking Fund and that portion of the Net Revenues contained therein shall be used solely and only and are hereby pledged for the purpose of paying the interest on and the principal of the Series 2012A Notes and any Parity Obligations.

If at any time there be a failure to pay into the Sinking Fund the full amount above stipulated, then an amount equivalent to the deficiency shall be paid into the Sinking Fund from the Net Revenues of the Utility as soon as available, and the same shall be in addition to the amount otherwise required to be so set apart and paid into the Sinking Fund.

Any balance of the Net Revenues remaining after making the aforesaid payments into the Sinking Fund may be made available to the City as the Council, or such other duly constituted body as may then be charged with the operation of the Utility, may from time to time direct.

All money held in any fund or account created or to be maintained under the terms of this resolution shall be deposited in lawful depositories of the City or invested in accordance with Chapters 12B and 12C of the Code of Iowa and continuously held and secured as provided by the laws of the State of Iowa relating to the depositing, securing, holding and investing of public

funds. All interest received by the City as a result of investments under this section shall be considered to constitute Gross Revenues of the Utility and shall be deposited in or transferred to the Telecommunications Revenue Fund and used solely and only for the purposes specified herein for such fund.

Section 8. The City hereby reserves the right and privilege of issuing Parity Obligations from time to time payable from the Net Revenues of the Utility and ranking on a parity with the Series 2012A Notes.

Section 9. It is the intention of the City that interest on the Series 2012A Notes be and remain excluded from gross income for federal income tax purposes pursuant to the appropriate provisions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations in effect with respect thereto (all of the foregoing herein referred to as the "Internal Revenue Code"). In furtherance thereof, the City covenants to comply with the provisions of the Internal Revenue Code as they may from time to time be in effect or amended and further covenants to comply with the applicable future laws, regulations, published rulings and court decisions as may be necessary to insure that the interest on the Series 2012A Notes will remain excluded from gross income for federal income tax purposes. Any and all of the officers of the City are hereby authorized and directed to take any and all actions as may be necessary to comply with the covenants herein contained.

The City hereby designates the Series 2012A Notes as "Qualified Tax Exempt Obligations" as that term is used in Section 265(b)(3)(B) of the Internal Revenue Code.

Section 10. If any section, paragraph, clause or provision of this resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 11. All resolutions and orders or parts thereof in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed.

Section 12. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved February 15, 2012.

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Mayor

Attest:

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City Clerk

## BILLS AND CLAIMS

The following Bills and Claims were paid as authorized:

IRS	Fed. W.H./S.S./Medicare	7660.58
Treas. State of Iowa	4 <sup>th</sup> Qtr. Sales Tax	2045.00
Treas. State of Iowa	4 <sup>th</sup> Qtr. Consumer Use Tax	1803.00
United Parcel Service	Return Ont's	108.05
Corey Kettmann	Tobacco Compliance Ck.	300.00
Ipers	Retirement W.H.	10389.16
Dennis Schroeder	Tobacco Compliance Ck.	400.00
Ryan Kloft	Tobacco Compliance Ck.	400.00
Treas. State of Iowa	State W.H.	2773.00
Black Hills Energy	City Gas Bills	1884.97
Medical Assoc. Health Plans	City Health Ins.	14611.90
U.S. Cellular	Police Cell Phone	95.10
IRS	Fed. WH/SS/Medicare WH	7554.24
Treas. State of Iowa	Jan 16-31, 2012 Sales Tax	1965.00
Advanced Media Technologies	DVR Set Top Boxes	6907.90
All Season's Trucking	Roadway Salt & Sand	6054.86
American Funds	Payroll W.H.	1544.00
Assurant Emp. Benefits	City Life Ins.	126.00
Bancard Center	Amb. Training Exp.	419.90
Bancard Center	Cable Power Supplies	75.54
BBC America	Programming Charges	223.96
Bellevue Lumber	F.D./Rdwy. Expense	152.84
Bellevue Mun. Utilities	Utility Bills	3870.11
Bellevue Pharmacy	Amb. Operating Exp.	29.84
Bellevue Sand & Gravel	Salt/Sand/Sealing & Reconst.	484.00
Bellevue State Bank	Cable TV Payment	5987.97
Bender's Foods	Misc. Supplies	42.83
Big 10 Network	Programming Charges	918.39
Bound Tree Medical	Amb. Operating Exp.	71.14
Brannon Monument Co.	Brick Engraving	192.00
Brett Margeson	Rural F.D. Fiel	83.89
Casey's General Store	City Gas Purchases	941.97
Central Parts Warehouse	Snow Removal Eq. Maint.	88.40
Central United Life Ins.	Cancer Ins.	269.66
Chris Smith	F.D. Training Exp.	48.16
City of Bellevue	Ofs. Transfer/Cable PILT	12503.26
City of Bellevue	PILT Transfers to Cable	8333.34
City of Bellevue	Trsf. from P&A to Reserve(Roof)	10000.00
Comcast Sportsnet	Programming Charges	2026.35
Consolidated Plastics Co.	Amb. Bldg. Maint.	151.34
Dennis Gerardy	Bldg. Rep/Maint.	125.00

Des Moines Stamp	Council Stamp	34.70
Discovery Communications	Programming Charges	412.36
Dubuque Networking Services	Cable Expense	52.56
ETI Software	3 <sup>rd</sup> Qtr. Tech Support	7620.00
Feld Fire	Fire Dept/Amb. Eq. Repair	14359.35
Fidelity Bank	Cable TV Payment	5987.97
Freedom Hydraulics Inc.	Snow Eqpt. Repair	646.11
Gothard & Assoc.	Amb. Computer Exp.	1011.93
Heming Pest Control	F.D. Bldg. Maint.	50.00
HUB Television Networks	HUB Programming	103.09
I Wireless	Pub. Wks. Cell Phone	2.15
Ia. Workforce Dev/Div. of Labor	Elevator Annual Inspection	125.00
IIW Engineers	Rdwy. Legal & Prof. Expense	5829.50
Innovative Systems	Subscriber License Qtr. Fee	1261.48
Ia. Network Services	Video Transport/Prog. Charges	7171.04
Jackson Co. Sanitary Disp.	Tipping Fees	3463.65
Joe Sieverding	Bldg. Repair	50.00
John Deere Financial	Pub. Wks. Clothing Allowance	312.67
Kent Clasen	F.D. Fuel Exp./Oper. Exp.	200.17
KLJB	KLJB & KGAN Programming	223.20
KWQC	Programming Charges	1339.20
KWWL	Annual Programming Charge	5566.00
Lifetime	Annual Programming	5107.43
Maquoketa Valley Elec.	Security Light	11.75
Midwest Business Products	Copier Expense	57.16
National Cable TV Coop	Programming Charges	13756.08
NICC Continuing Educ.	Amb. Training Expense	72.00
North Central Amb. Sales	Amb. Veh. Maint.	30.41
Our Designs Inc.	Fire Prevention Exp.	56.18
Overhead Door Co.	F.D. Bldg. Repairs	632.50
PCC Inc.	Amb. Billing Exp.	808.27
Petty Cash	City Reimbursement	53.03
Quad City Times	Subscription	234.00
Register of Copyrights	Cable Royalty Fees	1793.82
River City Paving	LOT Sealing & Reconst.	9803.20
River Valley Energy	City Gas Purchases	1157.95
Riverside Gas & Grille	City Gas Purchases	1622.05
Roeder Bros. Inc.	City Equip. Maint.	1500.08
Ruth Sieverding	Monthly Maint. Exp.	680.00
Schoenthaler,Roberg,Bartels,Kahler	Legal Expense	2475.00
Sinclair Broadcast Group	KGAN/KFXA Programming	1591.80
St. Luke's Center for Occ. Health	Drug Testing Exp.	37.00
Superior Welding	Amb. Operating Exp.	79.53
The Car Wash	City Gas Purchases	887.07

The Herald Leader	Publication	318.69
The Locksmith Express	Bldg. Rep/Maint.	1042.00
Till's Garage Inc.	Sanitation Eqpt. Rep.	45.75
Tower Distribution Co.	Programming Charges	131.35
Tribune Media	EPG Guide	469.60
Truck Country	Rdwy. Eqpt. Maint.	208.99
U.S. Post Office	Stamps	742.50
U.S. Cellular	Amb/F.D./Cable Cell Phone	143.93
Weber Paper Company	Bldg. Rep/Maint.	341.13
WHBF	Programming Charges	586.40
Windstream	City Phone Service	351.37
Wood Burn Designs	Fire Prevention Exp.	32.76
Zeimet's Garage	Rdwy. Eqpt. Repair	770.44

### RECEIPTS AND DISBURSEMENTS

The following amounts were received or expended in the month of January, 2012:

General	31088.75	75425.12
P.I.L.T.	12849.43	8333.34
Library Gift	21.00	1109.58
L.O.T. Prop. Tax Red.	7254.65	
Heritage Safety Fund		3942.00
Reserve Accounts	200.00	70.00
Museum		140.88
Franchise Prop. Tax	2606.34	
Franchise Street Dept.	2606.35	
LOT St. Impr. Fund	17057.85	
Fire Dept. Cap. Fund	8764.66	
Employee Benefits	1346.19	
T.I.F. Fund	1475.34	
Debt Service	13695.90	
Road Use Tax	16306.91	14801.65
Ambulance	10639.97	7875.99
Amb. Cap Fund	3327.90	
Telecommunication	74328.94	368220.48
Sanitation	23736.00	22418.25
Water	22486.60	38079.16
Electric	171436.55	220151.20
Elec. Cap. Imp.	70037.40	32038.00
Customer Deposits	383.00	851.00
Sewer	32751.96	34387.23
TOTALS	524401.69	827843.88



**ADJOURNMENT**

As there was no further business to come before the Council Lawson moved with a second by Ernst to adjourn at 8:45 p.m. Motion carried unanimously.

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City Clerk

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Mayor